



**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALI**

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Application of Pacific Gas and Electric  
Company for Approval of 2013-2014  
Energy Efficiency Programs and Budget  
(U39M).

Application 12-07-001  
(Filed July 2, 2012)

And Related Matters.

Application 12-07-002  
Application 12-07-003  
Application 12-07-004

**CENTER FOR SUSTAINABLE ENERGY RESPONSES TO THE  
CALIFORNIA ALTERNATIVE ENERGY AND ADVANCED TRANSPORTATION  
FINANCING AUTHORITY'S PROPOSED MODIFICATIONS TO  
DECISION 13-09-044 (ENERGY EFFICIENCY FINANCING PILOTS)**

April 2, 2015

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FINANCING AUTHORITY'S PROPOSED MODIFICATIONS TO  
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The Center for Sustainable Energy (CSE) supports the California Alternative Energy and Advanced Transportation Financing Authority's (CAEATFA) Proposed Modifications to Decision 13-09-044. CSE's comments below focus on how such proposed modifications would provide additional opportunities and flexibility for CSE's marketing, education and outreach for the energy efficiency financing pilots. CSE further requests clarification that the mid-pilot public workshop referred to in the August 2014 Assigned Commissioner's Ruling will discuss recommendations for allocation of the \$9.3 million reserve toward CSE's additional administrative costs, in addition to allocation of the reserve toward CAEATFA's additional costs.

In D.13-09-044, the Commission found that "it makes sense to coordinate marketing efforts discussed in this proceeding with the larger umbrella platform" of the Energy Upgrade California statewide marketing, education and outreach program (Statewide ME&O).<sup>1</sup> Subsequently in Resolution E-4663, the Commission directed CSE, as program administrator for Statewide ME&O for demand side management, to "draw up an integrated statewide plan, with the collaboration and input of the Joint Utilities, CAEATFA and Commission, and drawing on the expertise of market research and best practices in this emerging area of marketing."<sup>2</sup> On November 4, 2014, CSE filed Tier 1 Advice Letter 53 to submit the proposed Statewide Financing ME&O Plan. After consultation with Energy Division staff and review of protests by stakeholders, CSE submitted a supplemental Tier 1 Advice Letter 53-A on January 29, 2015. On February 13, 2015, the Commission's Energy Division approved the supplemented Advice Letter 53-A, effective as of November 4, 2014.

The Center for Sustainable Energy, formerly the California Center for Sustainable Energy (CCSE), works to accelerate the transition to a sustainable world powered by clean energy. Our clean energy future depends on a strong, low-carbon economy that provides abundant jobs and business opportunities, a high quality of life and a clean, healthy environment. To bring about such a future, each of us must make wise choices now. CSE empowers

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<sup>1</sup> D.13-09-044, *Decision Implementing 2013-2014 Energy Efficiency Financing Pilot Programs*, p. 85.

<sup>2</sup> Resolution E-4663, *Submit for approval by the Commission as amended seven energy efficiency finance pilot program implementation plans (PIPs) to comply with OP 7.a and 7.b of D.13-09-044*, p.11.

customers to participate in the achievement of their clean energy goals by providing them with information, incentives and opportunities to help make these choices easier. We work with policy makers, public agencies, local governments, utilities, business and civic leaders and individuals to transform the energy marketplace and beyond.

## **A. Responses to the Proposed Modifications**

### **1. Extension of the pilot term**

The August 2014 Assigned Commissioner's Ruling by President Peevey clarified the Commission's intent for the financing pilots to "operate for a minimum of 24 months, beginning at the point that each pilot program begins operation". CSE agrees with the need to clarify when the pilot period will be deemed to have begun for budgeting purposes. We further request clarification that the mid-pilot public workshop referred to in the August 2014 Assigned Commissioner's Ruling<sup>3</sup> will discuss recommendations for allocation of a portion of the \$9.3 million reserve toward CSE's additional administrative costs incurred due to the extension "through 2016 and in all likelihood into 2017", in addition to recommendations for allocation of the reserve toward CAEATFA's additional costs. For reference, CSE was allocated \$750,000 for administration of the ME&O through 2015.<sup>4</sup>

### **2. Flexibility to partially enroll loans for off-bill pilot programs**

CSE strongly supports CAEATFA's request to remove all limitations on partially enrolling loans for off-bill pilot programs. As Decision 13-09-044 found, customers are more likely to finance new energy efficiency projects if they can also finance other related improvement

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<sup>3</sup> The August 2014 Assigned Commissioner's Ruling stated, "We expect the \$65.2 million authorized in D.13-09-044 will fund the finance pilots for the full two-years of operation, and also understand it will be necessary for administrative resources to support extant loans for their full term if/when the finance pilots end. However, the Commission also recognized in D.13-09-044 that many variables may affect the rollout of the finance pilots, and that we may need to adjust program budgets. For this reason, the Commission directed Commission Staff to hold a mid-pilot public workshop to review pilot performance and, in conjunction with CAEATFA and the IOUs, to discuss recommendations for allocation of the \$9.3 million reserve remaining from the original \$75 million authorized in D.12-11-015. We clarify now that this mid-point review should occur after the pilots' first year of operation."

<sup>4</sup> Resolution E-4663 Page 12

activities.<sup>5</sup> The approved Statewide Financing ME&O Plan specifically targets potential borrowers who are in the process of considering or implementing home improvements, and informs these potential borrowers about energy efficiency financing opportunities through trusted partners such as the real estate industry and retail partners to encourage target borrowers to achieve additional or deeper energy efficiency savings.<sup>6</sup> Generally, these potential borrowers plan to make non-eligible home improvements, install distributed solar, or make a combination of eligible energy efficiency projects and non-eligible home improvements. Requiring potential borrowers to take out a separate loan for all projects that include distributed generation, or when the ratio of non-eligible improvements to eligible energy efficiency measures exceeds 30%/70%, would increase transaction costs and inconveniences for borrowers, and would discourage real estate industry partners from informing target borrowers about these financing pilots. Such a requirement would also discourage customers from financing projects that include both energy efficiency and other demand side management solutions, in conflict with the Commission's efforts to encourage customer adoption of integrated demand side management solutions through Rulemaking 14-10-003.

### **3. Clarification that improvements required for participation will be eligible for credit enhancement**

CSE additionally requests that the Commission clarify that home improvements required for participation in the financing pilots, such as asbestos abatement, will be eligible for credit enhancement. Decision 13-09-044 acknowledged on page 31 that "Many related improvements may support EE or be necessary to maximize the benefits of EE improvements (e.g., asbestos removal, concrete boiler pads)." These improvements are costly, yet sometimes necessary, to make a home healthy and efficient.

### **4. Flexibility regarding Eligible Energy Efficiency Measures (EEEMs)**

CSE strongly supports CAEATFA's recommendation that EEEMs that are package measures for rebate or incentive programs should be individually eligible for the financing pilots. The Commission's goals for the financing pilots include stimulating deeper energy efficiency projects than previously achieved through traditional program approaches.<sup>7</sup>

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<sup>5</sup> Decision 13-09-044, Finding of Fact 17.

<sup>6</sup> Statewide Financing ME&O Plan at 21-25.

<sup>7</sup> Decision 13-09-044 at 3.

Limiting the eligibility to EEEMs packages that are eligible for rebate or incentive programs would be a barrier to the achievement of this goal.

CSE also strongly supports CAEATFA's request for standardization of EEEMs across the state. Categories and packages could be standardized, while performance requirements could remain geographically differentiated. From an ME&O perspective, standardization would make it easier to explain EEEMs to contractors and lenders, who often work across more than one utility territory. From an ME&O perspective, the more complex the subject matter, the more challenging it is to convert education into action. Market research has shown that status quo is more attractive to homeowners than trying to take advantage of a complicated benefit.

#### **5. Clarification of eligibility of government entities**

CSE joins CAEATFA's request for clarification regarding the eligibility of government entities for the non-residential on bill repayment pilot. The approved Statewide Financing ME&O Plan includes targeting of local governments for this pilot through the SoCalREN strategic partners and Local Government Partnership program through the IOUs.

#### **6. Expansion of eligible financial products and credit enhancement support structures**


CSE supports CAEATFA's request for flexibility to include additional financial products and credit enhancement structures. This flexibility will allow the pilot to support and leverage financial innovations, collect data about different financial products and credit enhancement structures, and enable financing of integrated demand side management projects that may require different financial products.

### **B. Conclusion**

For the foregoing reasons, the Center for Sustainable Energy respectfully requests that the Commission adopt the above recommendations.

April 2, 2015

A. 12-07-001 et al.

A handwritten signature in black ink, reading "Stephanie Wang". The signature is fluid and cursive, with the first name "Stephanie" and last name "Wang" clearly distinguishable.

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